STATE OF THE COMPANY

MAY 19, 2023

HIDETOSHI SHIBATA
PRESIDENT AND CEO
RENESAS ELECTRONICS CORPORATION
OUR JOURNEY

Revenue*1 (LHS)        Gross margin (RHS)        Operating margin (RHS)

Record high
Revenue, GM, OM

Acquisition

Recognition


EXPANDING EMBEDDED COMPUTE FRANCHISE

MCU (excl. 8 bit)

- 2021: 18.5%
- 2022: 19.5%

No.1

64 bit MPU

- 2021: 5%
- 2022: 8%

No.4

Source: Renesas estimation

Graphs created by Renesas based on Gartner Research. Calculations performed by Renesas. Source: Gartner R. Market Share: Semiconductors by End Market, Worldwide, 2022, Andrew Norwood et al., 31 March 2023. MCU (Total Microcontroller Unit (MCU)) is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner’s research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

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OUR PURPOSE

To Make Our Lives Easier
by complementing human capabilities
OUR PURPOSE
STRATEGIC AGENDA

More emphasis on growth
Solution focus
UX enhancement

Diversification
Fab lite
Renesas Culture
ESG
DESIGN-IN PROGRESS

**Automotive**

- 2021 Actual
- 2022 Actual
- 2023 Target

**Industrial, Infra and IoT**

- 2021 Actual
- 2022 Actual
- 2023 Target

*1: 1USD=100 JPY, 1EUR=120 JPY  
*2: Proforma (Dialog included, Celeno not)
SOLUTION FOCUS – WINNING COMBO

Cumulative count

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>101</td>
<td>203</td>
<td>333</td>
<td>434</td>
<td>500</td>
</tr>
</tbody>
</table>

35% Full-system

D-in LTV *1

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto</td>
<td>1%</td>
<td>8%</td>
<td>17%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Industrial, Infra and IoT</td>
<td>29%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

50% of Total D-in

*1: Calculated only analog products for HPCSG in 2020, Calculated at 1USD=100JPY for EPSG
UX ENHANCEMENT

Renesas.com

2022

Website redesign

E-commerce

Interactive block diagrams

New in 2023

Related Products

Block Diagram
PRODUCTION FOOTPRINT (FRONT-END)

- Takasaki
- Kofu (K6)
- Kawashiri
- Saijo
- Naka (N2)
- Naka (N3)

SiC line (2025 -)

6 inch
8 inch
12 inch
PROGRESS UPDATE ON POWER

IGBT

- MAY: K6 announcement
- Hiring 90+% complete
- Introduction of utility equipment
- 1H: Operation start

SiC

- 2022: K6 announcement
- 2023: Investment for SiC line
- 2024: Operation start
- 2025: Mass production start

Mass production start
RENESSAS CULTURE

**AGILE**
- Be open to share knowledge across borders
- Delivering of honest and constructive feedback
- Open and honest communication
- Strengthen relationship
- Asking questions
- Speak up
- Act quickly and decisively
- Being adaptable to change
- Iterative approach
- Collaborative approach

**GLOBAL**
- Adapting communications
- Understanding your audience
- Collaboration with others

**ENTREPRENEURIAL**
- Critical thinking
- Championing new ideas
- Try new ways of working
- Action-oriented behavior when approaching a task
- Growth mindset
- Be accountable and take responsibility in the workplace
- Be alert to emerging issues and trends
- Problem-solve to overcome obstacles

**TRANSPARENT**

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2023 RENESAS CULTURE SURVEY

**20,645 (92%) response; 4,448 comments**

**TAGIE Strengths**
- Transparent
- Entrepreneurial

**TAGIE Opportunities**
- Agile
- Global
- Innovative

**TAGIE Progress**
- 69% felt ‘TAGIE has improved in the last 12 months’

**Engagement Opportunities**
- Employee experience
  - Well-Being
  - Collaboration

The 2023 Global Renesas Culture Survey was conducted in May 2023
PROGRESS OF ESG JOURNEY

Environment
- Climate
  - Semiconductor Climate Consortium
- Water
- Waste

Social
- Supplier audit
- Human rights
  - Conflict mineral (3TGs)
  - Supplier engagement
  - Conflict mineral (cobalt & mica)

Governance
- Board diversity
- ESG metric to Comp

Index / disclosure
- FTSE Blossom Japan Sector Relative Index
- FTSE Blossom Japan
- FTSE4Good
- MSCI
  - AA
- Sustainability Report

Compared to peers with MSCI ESG rating of AA or AAA

ISO 45001 (H&S)
HR KPI setting
Compliance training
Gender pay gap
Information security

2022 highlights

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PROGRESS TO DATE

<table>
<thead>
<tr>
<th></th>
<th>2019 Adjusted*1</th>
<th>2020 Adjusted*1</th>
<th>2021 Adjusted*1</th>
<th>2022 Adjusted*1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,204 oku yen</td>
<td>6,357 oku yen</td>
<td>8,894 oku yen</td>
<td>12,282 oku yen</td>
</tr>
<tr>
<td>Gross margin</td>
<td>43%</td>
<td>48%</td>
<td>54%</td>
<td>56%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>12%</td>
<td>19%</td>
<td>29%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Mid-term model*1

- **Total**
  - **Grow @SAM+**
  - **50-55%**
  - **25-30%**

- **Automotive**
  - **Grow @SAM**
  - **≈45%**
  - **20-25%**

- **Industrial, Infra and IoT**
  - **Grow @SAM++**
  - **≈60%**
  - **30-35%**

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*1: FX 1USD=100yen, 1EUR=120yen. Excluding 6” fab shutdown & structural reform-related EOLs. Excluding NREs
## INVENTORY MODEL

<table>
<thead>
<tr>
<th></th>
<th>Die bank</th>
<th>Inventory</th>
<th>Lead time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MCU &amp; MPU</strong></td>
<td><img src="image1.jpg" alt="Image" /></td>
<td>+ +</td>
<td>-</td>
</tr>
<tr>
<td><strong>Analog</strong></td>
<td><img src="image2.jpg" alt="Image" /></td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td><strong>Power</strong></td>
<td><img src="image3.jpg" alt="Image" /></td>
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<td></td>
</tr>
<tr>
<td><strong>Custom</strong></td>
<td><img src="image4.jpg" alt="Image" /></td>
<td>Case by case</td>
<td></td>
</tr>
</tbody>
</table>

**Inventory target**

<table>
<thead>
<tr>
<th>DOI (Days of Inventory)</th>
<th>WOI (Weeks of Inventory)</th>
<th>DOI (Days of Inventory)</th>
<th>WOI (Weeks of Inventory)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>~12 weeks</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>120 days</td>
</tr>
</tbody>
</table>

DOI: Days of Inventory  WOI: Weeks of Inventory
2030 ASPIRATION

Top 3

$20+ bn

6x

Embedded semi solution suppliers
Revenue
Market cap vs 2022
2 \times 3 = 6

Execution of mid-term plan

Valuation gap-fill

Multiple expansion

2030 aspiration
**DOWNCYCLE MANAGEMENT**

Forge ahead profitably and emerge stronger

Maintain margins throughout downcycle
CAPITAL ALLOCATION

When opportunity presents itself

M&A

Dividends

Small start

Buybacks

Opportunistic
ROAD TO 2030 ASPIRATION

xSG collaboration

Digitalization
X-SG COLLABORATION

Global Renesas

Sales & Marketing integration
- Automotive
- Strategic Verticals
- Regional
- Operations

New nomenclature product lines
- High Performance Computing, Analog and Power Solutions Group
- Embedded Processing, Digital Power and Signal Chain Solutions Group

2023 xSG target

- **D-in LTV**
  - 2.5x
  - (vs 2022 results)

- **Winning Combo**
  - 60%
  - (of total WC)

- **Full-system solution**
  - 50%
  - (of xSG WC)
DIGITALIZATION

Quick-Connect Studio
Forging ahead profitably to emerge stronger...

While leveraging all we have...

To proceed through initial chapter of new journey

.... to make our lives easier
THANK YOU
(FORWARD-LOOKING STATEMENTS)

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